

DD/S 69-1734
FILE Personnel 11-2

16 APR 1969

MEMORANDUM FOR: Task Force Members - Employee Savings and Investment Plan

SUBJECT : Lump Sum Investment in Load Mutual Funds

1. When the possibility of a CIA savings plan operated as a pension trust invested in shares of mutual funds was first proposed, numerous persons expressed the hope that one could enter the plan with a lump sum investment. The basic purpose, of course, would be to take advantage of the very low rate of sales commission that would be available to the pension trust because of the volume of dollars being invested. In addition, however, the proposal would be particularly attractive to employees with insufficient years before retirement to accumulate enough shares through limited payroll deductions to qualify for a "systematic withdrawal plan" at time of retirement.

2. Although an official ruling has not been obtained as yet from the Internal Revenue Service, informed opinion has stated that it is most unlikely that savings other than those from payroll deductions of limited percentage could enter the pension trust.

3. The thought occurs to me that it ought to be perfectly possible to negotiate a corollary but separate agreement with mutual fund organizations permitting individual employees who were participating in the pension trust to come under the umbrella of a common "accumulation" or "letter of intent" purchase plan. Such a plan would be of no concern to IRS since the shares so acquired would be issued directly to the individual. The mutual fund organization should be most happy to oblige as more shares will be sold. Finally, the CIA pension plan and individuals will severally and jointly benefit.



STAT

Chairman

Task Force on Employee Pension Trust

cc: ea member of Task Force
SA-DD/S/SS/EDE:bak(15 Apr 69)

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Orig. - Dr ☐

1 - ea on Task Force
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15 APR 1969

STAT Mr.

2 E-24
STAT Hqs.

Personnel 11-2

Mr.

Per our conversation, attached
are some comments on your draft of
the Savings and Investment Plan that
may be helpful.

SIGNED R. L. Bannerman

R. L. Bannerman

STAT DD/S
7 D-26 Hqs.

DD/S:RLB:ksd (10 Apr 69)

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Att: Memo dtd 4 Apr 69 for Mr. Bannerman fr C/SOS, subj: Review of a Draft of an Agency
Voluntary Retirement Savings and Investment Plan